

Message Text

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67

ACTION ARA-10

INFO OCT-01 ISO-00 L-03 PA-02 PRS-01 AID-05 CIAE-00 EB-07

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TO USDOC WASHDC

INFO AMEMBASSY LIMA

SECSTATE WASHDC 7423

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E.O. 11652: N/A

TAGS: BEXP, BL

SUBJ: EARLY WARNING: CAF FINANCING OF PETROCHEMICAL COMPLEX

LIMA FOR FULLMER

1. PRESS STORIES CONFIRMED BY LOCAL CAF REP STATE CAF BOARD HAS APPROVED LOAN OF \$US 18,700,000 TO BOLIVIAN STATE PETROLEUM ENTERPRISE, YACIMIENTOS PETROLIFEROS FISCALES BOLIVIANOS (YPFB) TO CONSTRUCT PART OF PETROCHEMICAL COMPLEX IN COCHABAMBA BTX (BENZENE, THOLUENE, AND XILENE) PLANT WOULD BE DESIGNED PRODUCE 40,000 BARRELS PER DAY. YPFB PLANS TO EXPORT MOST OF BENZENE PRODUCTION; THOLUENE WILL BE USED TO CREATE AVGAS PRODUCTION CAPABILITY AND XILENE WILL SERVE AS BASE FOR FURTHER PETROCHEMICAL PROCESSING PLANNED NEAR NEW COCHABAMBA REFINERY.

2. NEW PLANT IS BEING BUILT WITH PROBABLE BOLIVIA ASSIGNMENTS UNDER ANDEAN PACT IN MIND BUT WE ARE TOLD THAT AT PRESENT WORLD-PRICES PLANTS WILL BE VIABLE WITHOUT PREFERENTIAL ACCESS TO NEIGHBORING COUNTRIES.

3. U.S. FIRM MCKEE IS ALREADY INVOLVED IN CONSTRUCTION OF REFINERY AND CARL GORDON INDUSTRIES OF WORCHESTER, MASS.

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HAS REPORTEDLY NEGOTIATED HALF-SHARE JOINT VENTURE FOR SMALL

US\$ 2 MILLION POLYSTYRENE PLANT TO BE CONSTRUCTED AS PART OF
COCHABAMBA COMPLEX.

4. TERMS OF LOANS MUST STILL BE NEGOTIATED. IT NOT YET
CLEAR WHETHER YPFB WILL BE LOOKING FOR JOINT VENTURE FOR
BTX PLANT. AT LEAST IN NEXT SEVERAL MONTHS IT WILL BE SEEKING
DESIGN, ENGINEERING AND CONSTRUCTION ASSISTANCE.
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TAGS: BEXP, BL
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